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STATISTICAL BULLETIN

Volume 18, No. 10, October, 1985

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The Conference Board

THE CONFERENCE BOARD'S STATISTICAL BULLETIN COMMENTARY

* CAR SALES SET RECORD PACE
* CONSTRUCTION BOOMS
* IMPORTING CONTINUES TO SLOW
* DOLLAR FALLS. POLICY TURNS MORE PRAGMATIC
* INDUSTRIAL PRODUCTION GROWTH STALLS
* NOTABLE INCREASES IN LABOR COSTS
* OUTLOOK * SECOND HALF GROWTH PEGGED AT 2 1/2% TO 3%

OVERVIEW: Recent reports support the notion that the third quarter has been much stronger than the first half of this year. Car sales have boomed. Elsewhere, consumers have maintained a reasonably moderate spending pace. Construction activity has stepped up dramatically. Employment gains have been better than anticipated. Real wage gains have improved. Meanwhile, imports continue to slow. Fast money growth, together with dollar depreciation, add support to a more upbeat pace of activity.

A number of concerns remain on the economic horizon. The saving rate has fallen from already low levels. There is no sign that the profit squeeze has ended. In fact, wage costs rose substantially in September, while prices fell. Taking all the recent numbers together, the **Economic Forecasts** continue to indicate that real output growth will be 2½% to 3% for the second half of 1985. The pace may quicken in 1986.

Employment gains exceeded most expectations in September. The data seemed to suggest that some out-of-work teens, and a few adults as well, did not look for work this Summer. Since the data are adjusted for students returning to school in September, the adjustment process was expected to result in a higher unemployment rate—perhaps right back to the 7.3% rate that prevailed for 6 months prior to August. Job growth, however, held the rise to 7.1 percent.

Strong gains in **construction jobs** offset declines in mining and manufacturing. Employment in goods production, then, increased narrowly in September—as it had in the prior two months. But job gains continue to be concentrated in trade, finance and other services. The lackluster pace in transportation and utilities is the only significant exception to that trend.

Job gains and a **longer workweek** resulted in a 0.4% rise in the total nonagricultural hours worked in September, despite a 0.3% drop in manufacturing sectors—including transportation and utilities. For the 3-month period, the rise in hours was 2.6%, annual rate. Unless productivity fell dramatically, the **Economic Forecasts** appear to be on target for the third quarter.

The downside is that labor market conditions might not brighten that much in the fourth quarter. Labor demand doesn't seem to be picking up. The Conference Board's **Help-wanted Index**, a measure of demand, has continued to move in a rather narrow range. Want-ad volume was no higher in August than it was 3 months earlier. Earlier returns to the September survey show no deviation from this trend. So while the labor market has perked up a little, expectations remain muted.

Worker's earnings improved in September. **Hourly earnings**, deflated, increased by about 0.3%, after remaining virtually unchanged through the first 8 months of this year. With the workweek slightly longer, average weekly earnings, deflated, increased by a sizable 0.6% last month. Gains were particularly strong in construction and in financial and business services—sectors posting gains in employment. The added income is a plus for consumer demand. Producers, however, can ill afford higher labor costs.

Retail sales have strengthened sharply. Sales, deflated, were almost 4% higher in September than only 2 months earlier. Obviously, record car sales are reflected in these gains. New, domestic **Automobile Sales** in the last 10-day period in August and the first 2 periods in September were 12.69, 12.75 and 11.27 million, annual rate, respectively. The 10-day selling pace has occasionally reached 12 million annual rate but never before in successive periods. The haulers strike this Summer affects the comparison. But the main factor was discount loan incentives, which ran through the end of September.

What are the prospects for **new models** this Fall? Sales always tail off after promotions. Higher sticker prices won't help. At least one producer has already introduced a modified version of discounted loan rates.

Despite an August dip, **single-family home sales** were 3.3% higher than 3 months earlier. Home building has been

Ken Goldstein, Editor

STATISTICAL BULLETIN (ISSN 0010-5554), published monthly by The Conference Board Inc. 845 Third Avenue, New York, N.Y. 10022. Printed in New York, N.Y. Second-class postage paid at New York, N.Y.

The Conference Board of Canada
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Ottawa, Ontario, K1H 8M7, Canada

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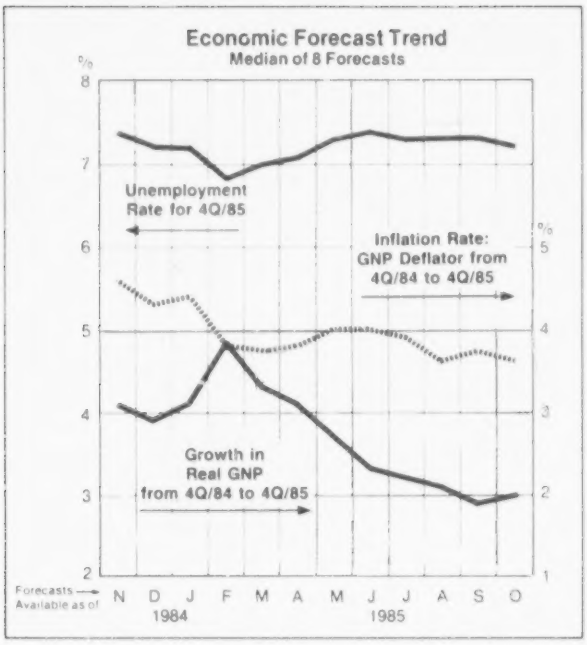


rising more slowly than sales. Building, however, turned up sharply in August. Still, single-unit starts were 8% lower in August than last March. Muliple-unit starts were 6% lower. Builders seem to have been cautious about stepping up activity too quickly. In August, however, construction crews got the go ahead.

Industrial production hasn't taken off as sharply as construction did. Monthly increases had been in a 0.1% to 0.2% range for months. But production expanded by 0.6% in August, then fell 0.1% in September. Not surprisingly, higher production is most pronounced in motor vehicles. That suggests that producers don't expect car sales to plummet.

Capacity utilization rates have turned around. Through August, they have inched higher for 3 straight months. Responses to The Conference Board's **Capital Appropriations and Expenditures** survey suggested that investment intentions have weakened. But with capacity use now higher than any time since the early recovery period, executive's thinking may change.

Steady increases in **factory orders** may continue to stimulate production. New factory orders were up 3.4% in August. Defense orders have taken off: 12.5% gain in August when the July level was already 60% higher than it was 3 months earlier. Nondefense orders, however, were up 2.5% in August.

INVENTORY: Despite some rises in June and July, stocks remain lower than they were 3 months earlier. And the inventory-to-sales ratios were generally no higher in July than last March. No doubt, stocks of new cars have been worked down since July. Elsewhere, some gains in retail sales and lower import shipments may keep inventory from piling up.

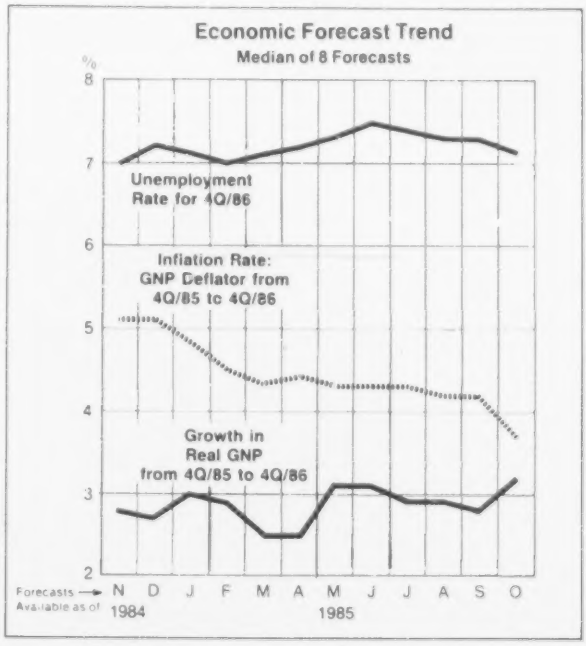
PRICES: Commodity prices are still falling by about 2% per month. The commodity price index was 10% lower in September than it was in April. Food prices were 14% lower. Raw industrial commodity prices were only 7% lower. Prices for raw materials, especially metals, have started to firm in the last 2 months.

INTERNATIONAL MONITOR

The pace of importing has slowed significantly. **Imports** fell 2.1% in August, following a sharp 9.5% drop in July. Imports of cars, trucks, aircraft and parts was about 20% lower in July than only 2 months earlier. Subtracting cars made in Canada, shipments were actually down by almost 30 percent. Inventory of imported cars from Japan have been piling up in recent months while sales have been reasonably stable. Total imports from Japan were 14% lower in August than only 2 months earlier.

The dollar continues to come down. Its trade-weighted average **Exchange Rate** was 125.2 (1980-1982 = 100) in September. It fell further in late September and early October. Currency market participants have reacted to the G-5 (5 government) agreement on market intervention cooperation. Heretofore, the Administration stuck to a nonintervention stance. The pragmatic approach, in and of itself, is helping to bring the dollar lower.

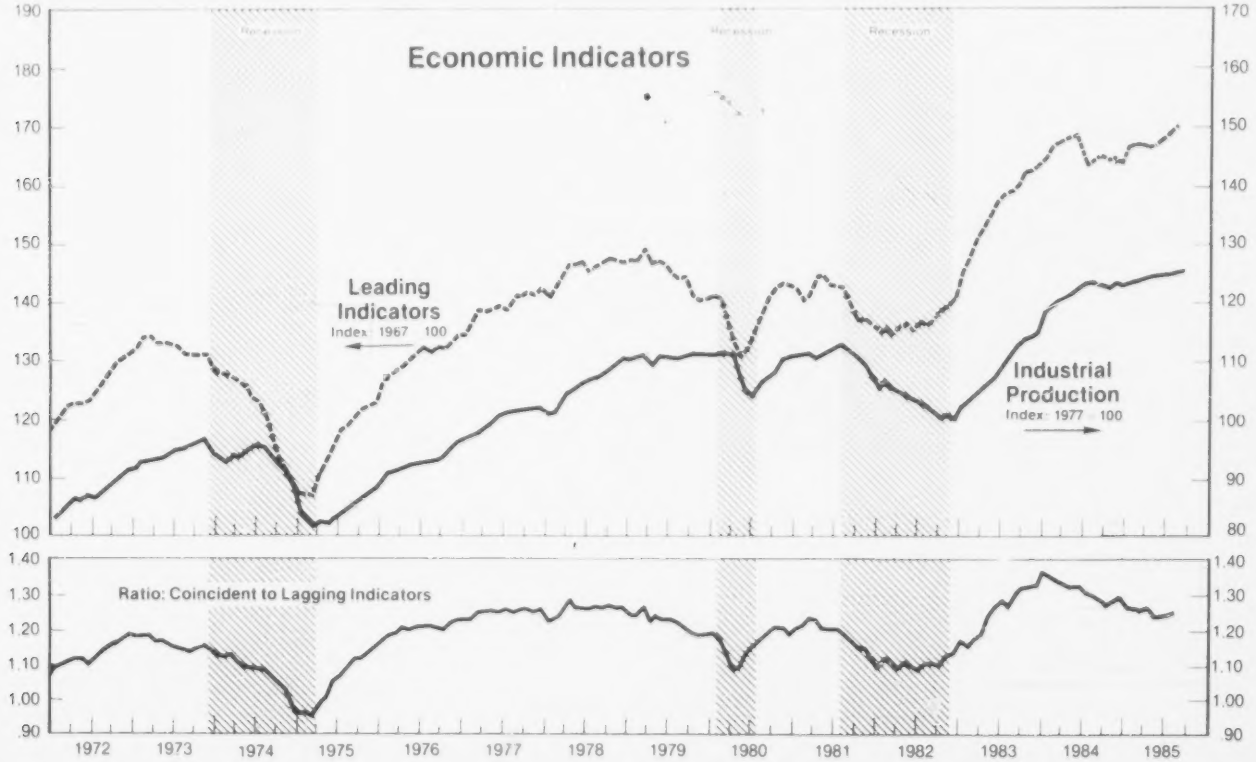
Ken Goldstein
October 10, 1985



STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over latest three months	Change From Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Aug.	X			+ 1.6%	+ 3.5%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Aug.	X			+ 3.9%	– 0.6%
New orders, nondefense capital goods (deflated)	Aug.	X			+ 4.0%	– 0.8%
*New business formation	Aug.	X			+ 4.1%	– 0.1%
*Housing permits	Aug.		X		+ 0.4%	+ 15.7%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Aug.	X			+ 1.2%	+ 2.6%
*Change in inventory, on hand & order (deflated)	July			X	– 11.2%	– 20.6%
Purchasing agents' buying policy	Sept.			X	– 3.0%	– 11.0%
*Vendor performance, reported slower deliveries	Aug.			X	– 2.0%	– 12.0%
Industrial raw materials prices	Sept.			X	– 2.0%	– 13.1%
*Change in sensitive material prices	Aug.			X	– 0.3%	+ 0.5%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Aug.	X			+ 2.2%	+ 6.1%
Change in business loans	Aug.			X	– 34.3%	– 17.9%
*Change in credit outstanding	Aug.			X	– 3.7%	– 4.2%
Change in consumer installment debt	July			X	– 24.3%	– 2.8%
Profitability						
Total corporate profits, after tax (deflated)	2nd Q			X	– 0.2%	– 11.4%
*Common stock prices	Sept.			X	– 2.8%	+ 10.6%
Marginal Emp'oyment Adjustments						
*Average workweek, mfg.	Sept.	X			+ 0.3hr	+ 0.1hr
*Initial unemployment claims (inverted)	Sept.		X		+ 3.1%	– 3.3%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington, D.C.: Government Printing Office) June, 1977.
*These twelve series make up the Composite Leading Index charted below.



CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1984 Aug.	1985 May	June	July	Aug. (e)
Principal Diffusion Index	57.0	53.9	56.0	58.1r	59.7
Auxillary Diffusion Index	34.8	47.3	56.6	57.0r	55.2
Industrial Group	57.1	51.6	56.3	58.4r	61.2
Nonindustrial Group	56.8	56.3	55.6	57.8r	58.3
Sense of Diffusion	1	1	1	1	1
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	60.7	45.7	54.7	57.7r	65.8
Labor	53.7	58.3	58.8	60.9r	61.0
Miscellaneous	60.3	43.6	52.6	53.2	54.5
Nonindustrial Subgroups					
Prices	46.2	44.9	46.8	48.1	41.0
Consumer	66.2	70.1	64.5	69.7	73.9
Building	59.0	64.1	62.2	60.3r	66.0
Miscellaneous	53.0	44.9	48.1	50.9	48.9

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

e-estimate r-revised

The Conference Board Diffusion Index

BUSINESS EXECUTIVES' EXPECTATIONS

	1982	*1983*				*1984*				*1985*	
	Nov.	*Feb.*	*May*	*Aug.*	*Nov.*	*Feb.*	*May*	*Aug.*	*Nov.*	*Feb.*	*May*
	Score (scale 0-100)										
Measure of Business Confidence	60	70	76	75	74	70	65	61	57	61	52
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	44	65	76	82	80	76	75	70	57	62	48
2. Expectations for Economy, Six Months Ahead	70	76	78	74	73	67	60	57	57	61	53
3. Expectations for Own Industry, Six Months Ahead	65	70	72	69	70	67	61	57	58	61	55

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

Billions of Dollars, Seasonally Adjusted

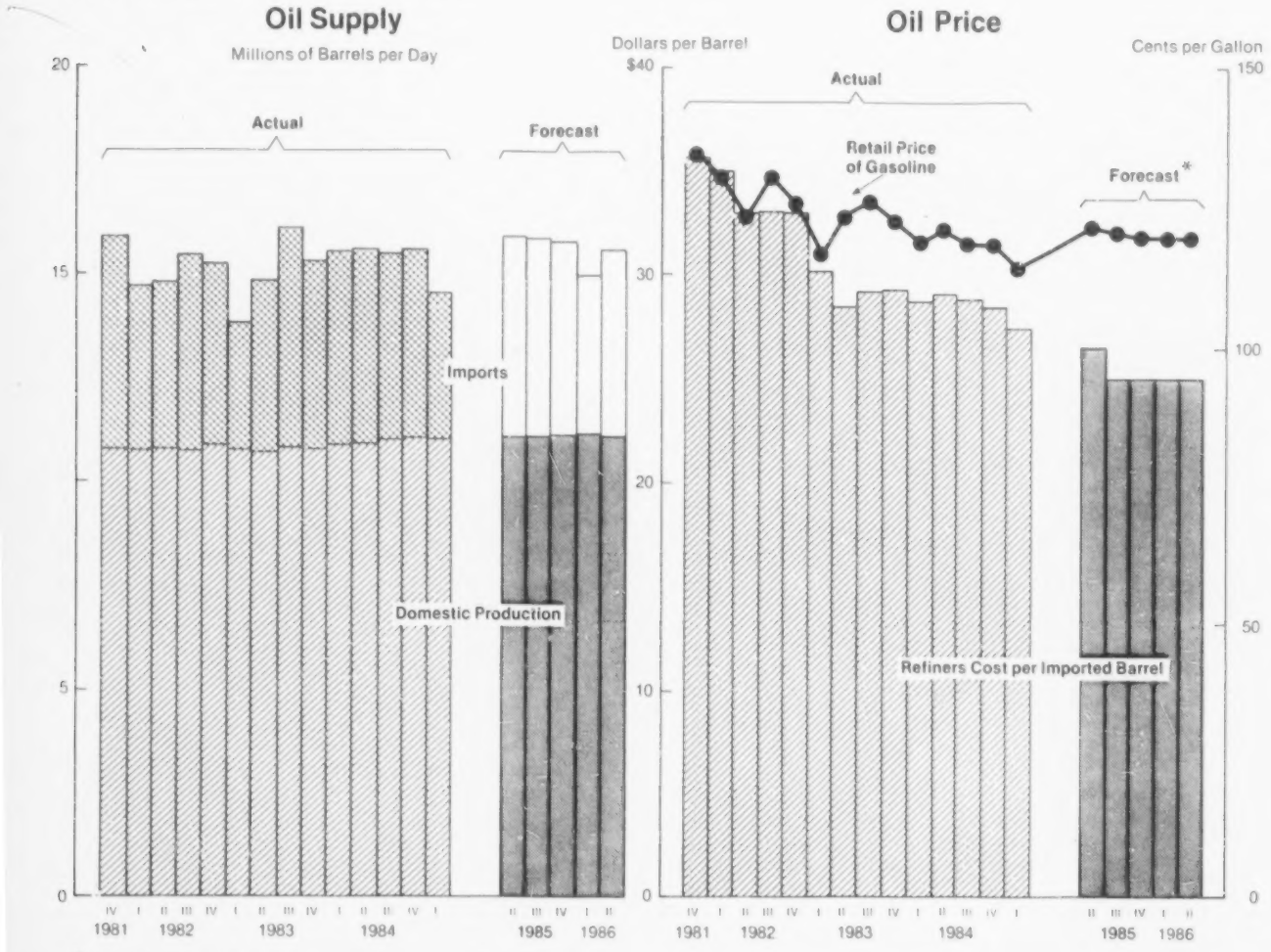
	1983	1984				1985		Percent Change From Previous Year	
	IV	Ir	IIr	IIIr	IVr	Ir	IIp	1984 Actual	1985 Expected**
1000 LARGEST MANUFACTURING FIRMS									
New appropriations	24.262	26.916	34.123	27.309	29.100	29.938	28.605	32	1
Capital expenditures	19.560	20.129	21.739	23.034	24.587	23.354	25.673	19	6
Change in appropriations backlog*	+0.928	+4.969	+10.715	+2.885	+2.302	+4.984	+0.511		
Durable Goods									
New appropriations	11.024	13.387	18.702	12.742	15.072	16.737	11.421	59	14
Capital expenditures	8.727	8.874	10.041	11.101	12.223	11.648	13.332	33	9
Change in appropriations backlog*	+0.819	+3.659	+8.212	+1.107	+1.797	+4.154	-3.184		
Nondurable Goods									
New appropriations	13.238	13.529	15.421	14.567	14.028	13.201	17.184	11	16
Capital expenditures	10.833	11.255	11.698	11.933	12.364	11.706	12.341	9	4
Change in appropriations backlog*	+0.109	+1.310	+2.503	+1.778	+0.505	+0.830	+3.695		
ELECTRIC & GAS UTILITIES									
New appropriations	6.561	5.090	7.843	9.675	11.372	8.851	N.A.	26	
Capital expenditures	8.676	8.737	8.859	9.019	9.170	8.653	N.A.	1	
Change in appropriations backlog*	-4.415	-6.109	-2.971	-1.526	-3.134	-0.077	N.A.		

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quarterly reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

r—revised p—preliminary

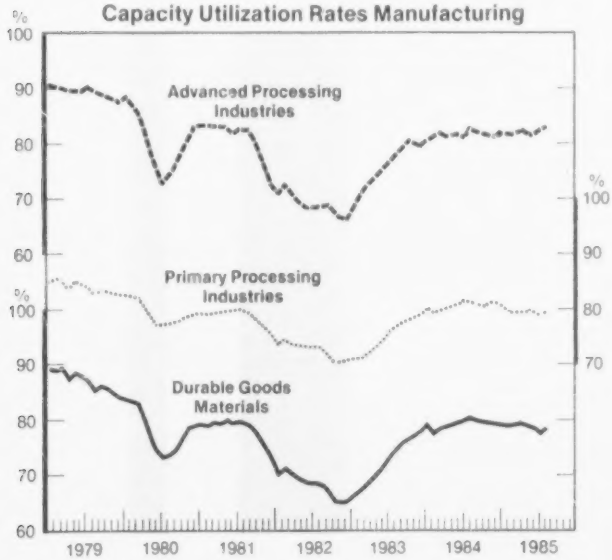
* Change in Backlog = New Appropriations – (Expenditures + Cancellations + Other Adjustments).

** Results based on survey respondents' expectations.



*Source of Forecast is The Energy Information Administration, Department of Energy

Key Determinants of Profit Margin



ECONOMIC FORECASTS

			U.C.L.A.[2] Business Forecasting Project		Merrill Lynch[1] Economics Inc.		E.I. duPont[1] de Nemours & Co.		Georgia State University[1]	
Date of Forecast			*August, 1985*		*Sept., 1985*		*Sept., 1985*		*Sept., 1985*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1985**	**II**			**$3853.1**	**4.5%**	**$3853.1**	**4.5%**	**$3853.1**	**4.5%**
		III	$3912.1	6.0%	3914.3	6.5	3896.1	4.5	3912.4	6.3
		IV	3972.2	6.3	3965.4	5.3	3950.8	5.7	3997.0	8.9
	1986	I	4040.5	7.1	4026.1	6.3	4008.2	5.9	4058.9	6.3
		II	4111.0	7.2	4094.4	7.0	4071.7	6.5	4128.2	7.0
		III	4192.3	8.1	4172.6	7.9	4148.1	7.7	4190.3	6.2
		IV	4282.8	8.9	4252.5	7.9	4218.1	6.9	4262.9	7.1
	1987	I	4389.8	10.4			4284.6	6.5	4343.0	7.7
		II	4490.0	9.4			4363.1	7.5	4438.6	9.1
		III	4587.1	8.9			4430.8	6.4	4535.3	9.0
	1985	Annual	3887.5	6.1	3885.9	6.1	3877.7	5.9	3893.3	6.3
	1986	Annual	4156.7	6.9	4136.4	6.4	4111.5	6.0	4160.1	6.9
Gross National Product Billions of Constant (1972) Dollars										
Actual	**1985**	**II**			**$1671.3**	**1.9%**	**$1671.3**	**1.9%**	**$1671.3**	**1.9%**
		III	$1683.7	2.9%	1684.5	3.2	1683.0	2.8	1686.1	3.6
		IV	1695.5	2.8	1693.4	2.1	1692.0	2.2	1703.5	4.2
	1986	I	1709.5	3.3	1705.9	3.0	1702.0	2.4	1715.3	2.8
		II	1724.5	3.6	1720.0	3.3	1718.0	3.8	1725.9	2.5
		III	1742.8	4.3	1736.1	3.8	1732.0	3.3	1732.8	1.6
		IV	1764.6	5.1	1752.6	3.9	1743.0	2.6	1742.7	2.3
	1987	I	1789.4	5.7			1756.0	3.0	1753.5	2.5
		II	1811.8	5.1			1770.0	3.2	1770.4	3.9
		III	1831.6	4.4			1783.0	3.0	1785.7	3.5
	1985	Annual	1678.6	2.4	1678.2	2.4	1677.5	2.3	1681.1	2.5
	1986	Annual	1735.4	3.4	1728.7	3.0	1723.8	2.8	1729.2	2.9
Gross National Product deflator Index, 1972 = 100										
Actual	**1985**	**II**			**230.5**	**2.6%**	**230.5**	**2.6%**	**230.5**	**2.6%**
		III	232.4	3.0%	232.4	3.2	231.5	1.7	232.0	2.6
		IV	234.3	3.4	234.2	3.1	233.5	3.5	234.6	4.6
	1986	I	236.4	3.6	236.0	3.2	235.5	3.5	236.6	3.4
		II	238.4	3.5	238.0	3.5	237.0	2.6	239.2	4.4
		III	240.5	3.7	240.3	3.9	239.5	4.3	241.8	4.5
		IV	242.7	3.6	242.6	3.9	242.0	4.2	244.6	4.7
	1987	I	245.3	4.4			244.0	3.3	247.7	5.1
		II	247.8	4.1			246.5	4.2	250.7	5.0
		III	250.4	4.3			248.5	3.3	254.0	5.3
	1985	Annual	231.6	3.7	231.5	3.6	231.2	3.5	231.6	3.7
	1986	Annual	239.5	3.4	239.3	3.3	238.5	3.2	240.6	3.9
Unemployment Rate										
Actual	**1985**	**II**		**7.3%**		**7.3%**		**7.3%**		**7.3%**
		III		7.3		7.2		7.1		7.1
		IV		7.3		7.2		7.1		7.0
	1986	I		7.4		7.2		7.1		6.8
		II		7.3		7.1		7.2		6.8
		III		7.2		7.0		7.3		6.9
		IV		7.1		6.9		7.3		7.1
	1987	I		6.9				7.4		7.2
		II		6.8				7.4		7.2
		III		6.6				7.4		
	1985	Annual		7.3		7.3		7.2		7.2
	1986	Annual		7.3		7.1		7.2		6.9

Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.

[1]Based on revised (second revision) second quarter data.

[2]Based on revised (first revision) second quarter data.

ECONOMIC FORECASTS (continued)

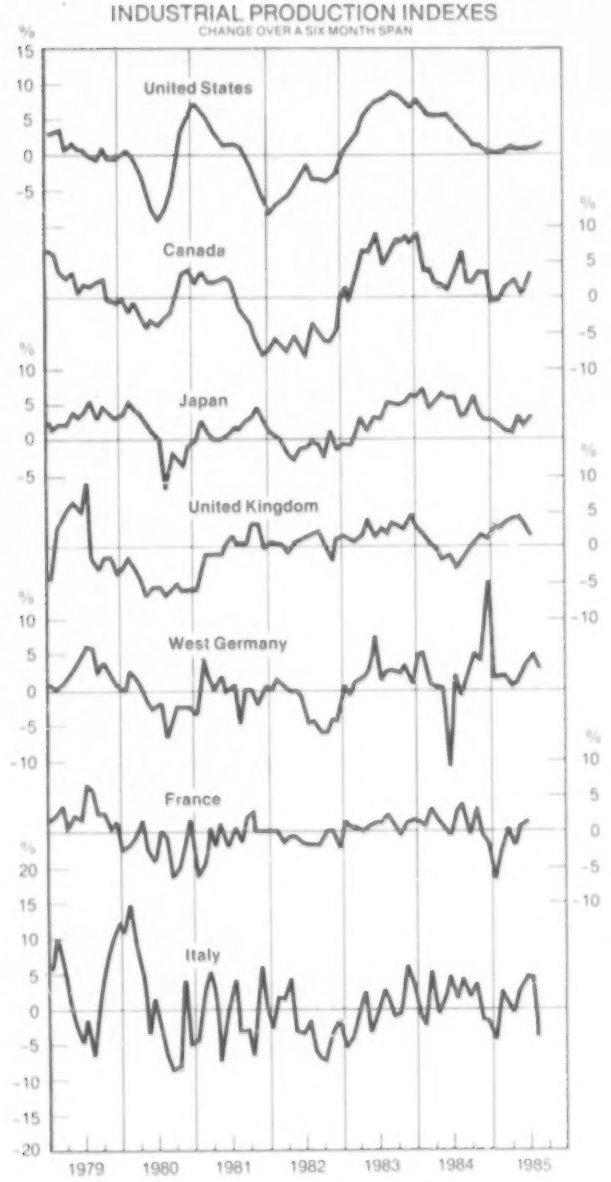
The Conference Board[1]		Chase Econometric[1] Associates, Inc.		Data Resources Inc.[1]		Wharton E.F.A. Inc.[1]				
Sept., 1985		Sept., 1985		Sept., 1985		Sept., 1985		Date of Forecast		
Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*			
								Gross National Product Billions of Current Dollars		
$3853.1	**4.5%**	**$3853.1**	**4.5%**	**$3853.1**	**4.5%**	**$3853.1**	**4.5%**	**II**	**1985**	**Actual**
3913.0	6.4	3910.4	6.1	3911.5	6.2	3910.3	6.1	III		
3971.0	6.1	3965.0	5.7	3969.1	6.0	3978.8	7.2	IV		
4031.0	6.2	4036.7	7.4	4014.3	4.6	4042.1	6.5	I	1986	
4100.0	7.0	4097.9	6.2	4059.5	4.6	4109.0	6.8	II		
4190.0	9.1	4157.8	6.0	4113.7	5.4	4189.2	8.0	III		
4279.0	8.8	4215.9	5.7	4182.0	6.8	4281.4	9.1	IV		
		4307.8	9.0	4275.3	9.2	4367.7	8.3	I	1987	
		4397.9	8.6	4370.4	9.2	4451.0	7.8	II		
		4499.7	9.6	4462.5	8.7	4527.9	7.1	III		
3886.9	6.1	3884.8	6.1	3886.1	6.1	3888.2	6.2	Annual	1985	
4150.0	6.8	4127.1	6.2	4092.4	5.3	4155.4	6.9	Annual	1986	
								Gross National Product Billions of Constant (1972) Dollars		
$1671.3	**1.9%**	**$1671.3**	**1.9%**	**$1671.3**	**1.9%**	**$1671.3**	**1.9%**	**II**	**1985**	**Actual**
1684.3	3.1	1683.0	2.8	1684.0	3.1	1684.0	3.1	III		
1696.7	3.0	1693.4	2.5	1693.5	2.3	1698.2	3.4	IV		
1708.7	2.9	1707.3	3.3	1699.8	1.5	1708.5	2.4	I	1986	
1722.9	3.4	1719.3	2.8	1706.4	1.6	1721.2	3.0	II		
1743.5	4.9	1727.3	1.9	1716.1	2.3	1737.6	3.9	III		
1760.6	4.0	1733.8	1.5	1729.0	3.0	1756.8	4.5	IV		
		1752.3	4.3	1749.5	4.8	1771.6	3.4	I	1987	
		1770.3	4.2	1769.7	4.7	1786.5	3.4	II		
		1788.2	4.1	1786.7	3.9	1797.7	2.5	III		
1679.0	2.4	1677.8	2.3	1678.1	2.4	1679.3	2.4	Annual	1985	
1733.9	3.3	1721.9	2.6	1712.8	2.1	1731.0	3.1	Annual	1986	
								Gross National Product deflator Index, 1972 = 100		
230.5	**2.6%**	**230.5**	**2.5%**	**230.5**	**2.6%**	**230.5**	**2.6%**	**II**	**1985**	**Actual**
232.3	3.1	232.3	3.2	232.3	3.0	232.2	2.9	III		
234.0	3.0	234.1	3.1	234.4	3.7	234.3	3.7	IV		
235.9	3.2	236.4	4.0	236.2	3.1	236.6	4.0	I	1986	
238.0	3.5	238.3	3.3	237.9	3.0	238.7	3.7	II		
240.3	4.0	240.7	4.0	239.7	3.1	241.1	4.0	III		
243.0	4.6	243.2	4.1	241.9	3.7	243.7	4.4	IV		
		245.8	4.5	244.4	4.2	246.5	4.7	I	1987	
		248.4	4.3	247.0	4.3	249.1	4.3	II		
		251.6	5.3	249.8	4.6	251.9	4.4	III		
231.5	3.6	231.5	3.6	231.6	3.6	231.5	3.6	Annual	1985	
239.3	3.4	239.7	3.5	238.9	3.2	240.0	3.7	Annual	1986	
								Unemployment Rate		
	7.3%		**7.3%**		**7.3%**		**7.3%**	**II**	**1985**	**Actual**
	7.1		7.1		7.2		7.1	III		
	7.1		7.2		7.3		7.0	IV		
	7.3		7.4		7.3		7.2	I	1986	
	7.1		7.3		7.4		7.0	II		
	6.8		7.3		7.5		6.8	III		
	6.7		7.2		7.6		6.7	IV		
			7.2		7.6		6.6	I	1987	
			7.1		7.5		6.4	II		
			6.9		7.4		6.5	III		
	7.2		7.2		7.3		7.2	Annual	1985	
	7.0		7.3		7.5		6.9	Annual	1986	

Please Note: In the interest of speeding the data contained in this publication to you, these series are available on-line through The Conference Board Data Base. For more information, contact Linette Stein Waters or Ken Goldstein at (212) 759-0900.

SELECTED INTERNATIONAL COMPARISONS

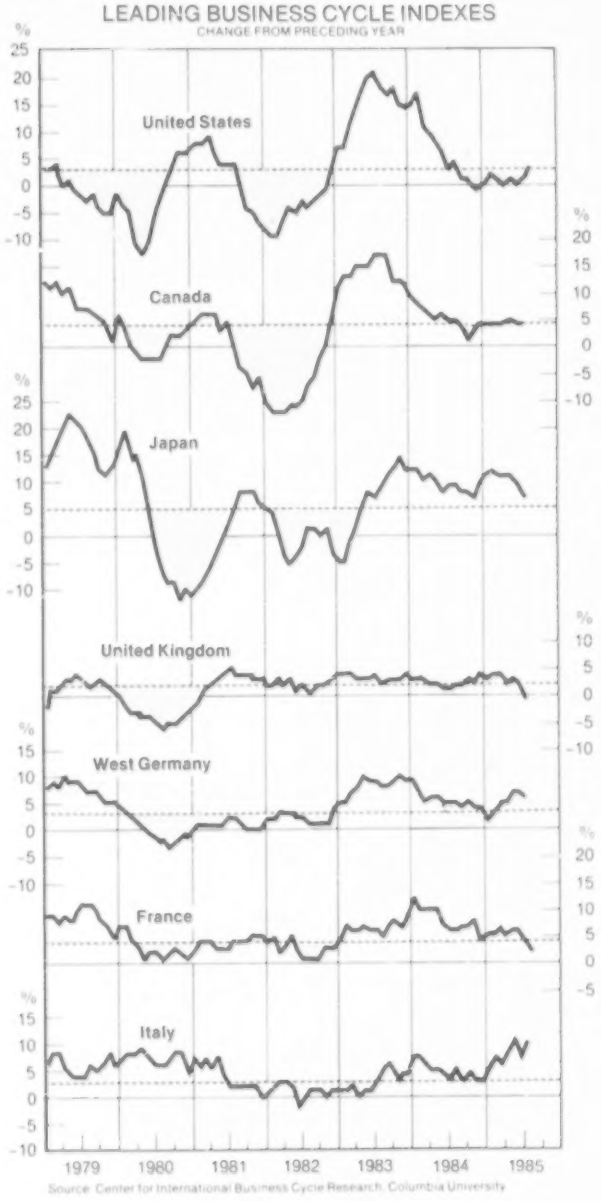
INDUSTRIAL PRODUCTION INDEXES

CHANGE OVER A SIX MONTH SPAN



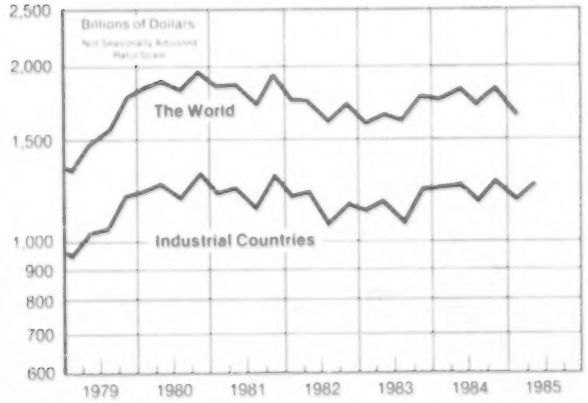
LEADING BUSINESS CYCLE INDEXES

CHANGE FROM PRECEDING YEAR

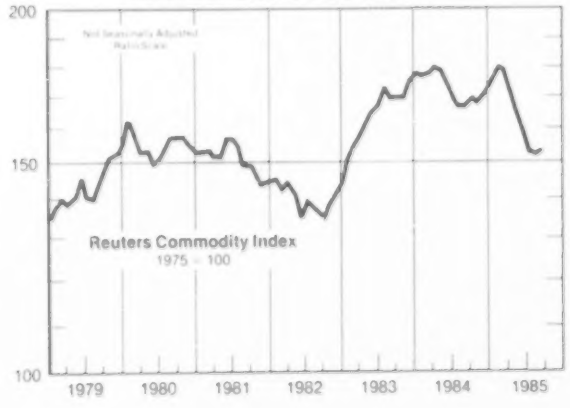


Source: Center for International Business Cycle Research, Columbia University

MERCHANDISE TRADE: VALUE OF EXPORTS

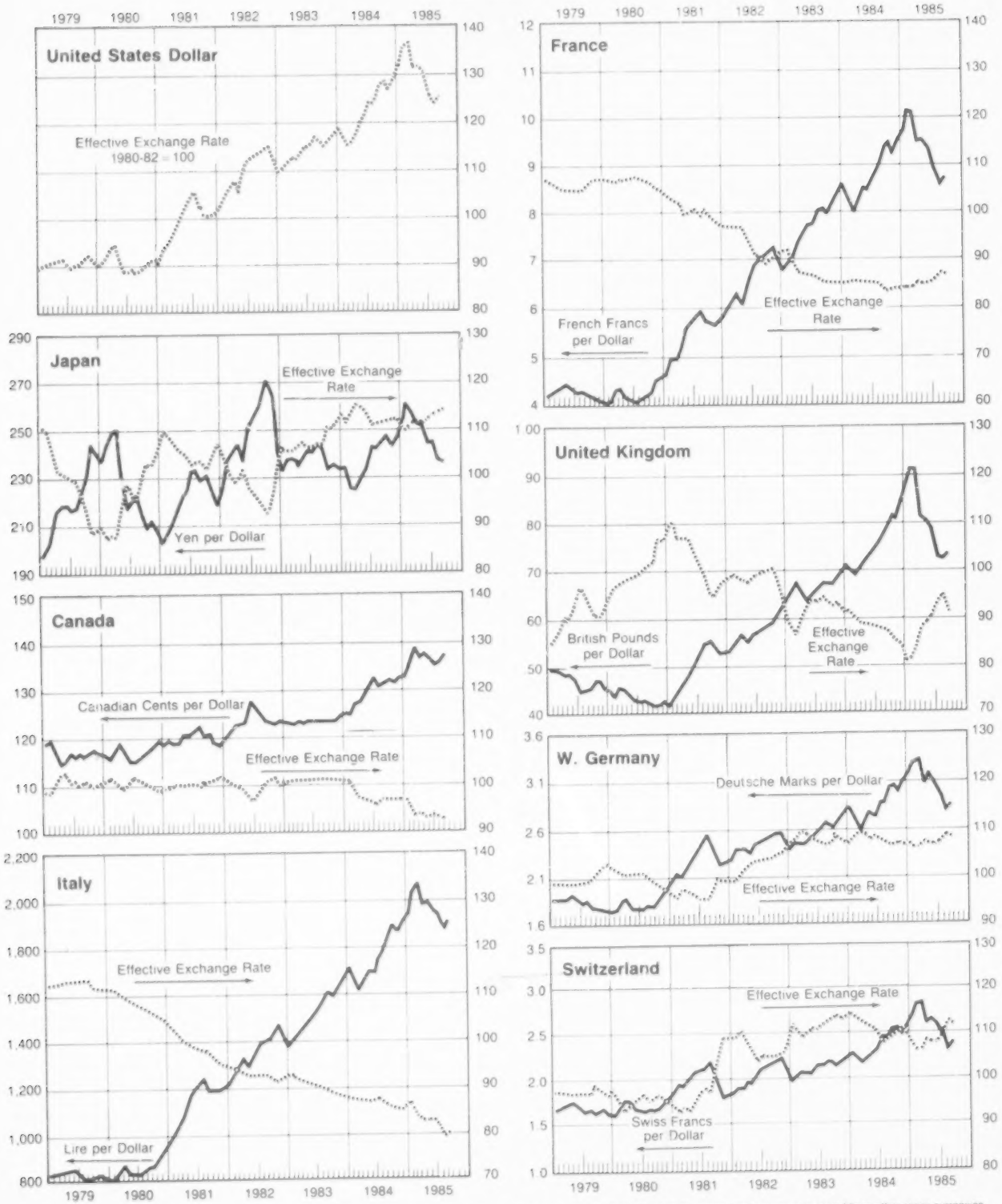


RAW MATERIALS PRICES



Foreign Exchange Rates

Indexes: 1980-82 = 100



Note: Nominal Effective Exchange Rates. Index numbers 1980-82 = 100. Each index shows a currency's trade-weighted appreciation or depreciation measured against fifteen other major currencies using averages of daily noon spot exchange rates in New York and bilateral trade weights based on 1980 trade in manufactures.

Source: Morgan Guaranty Trust Co.

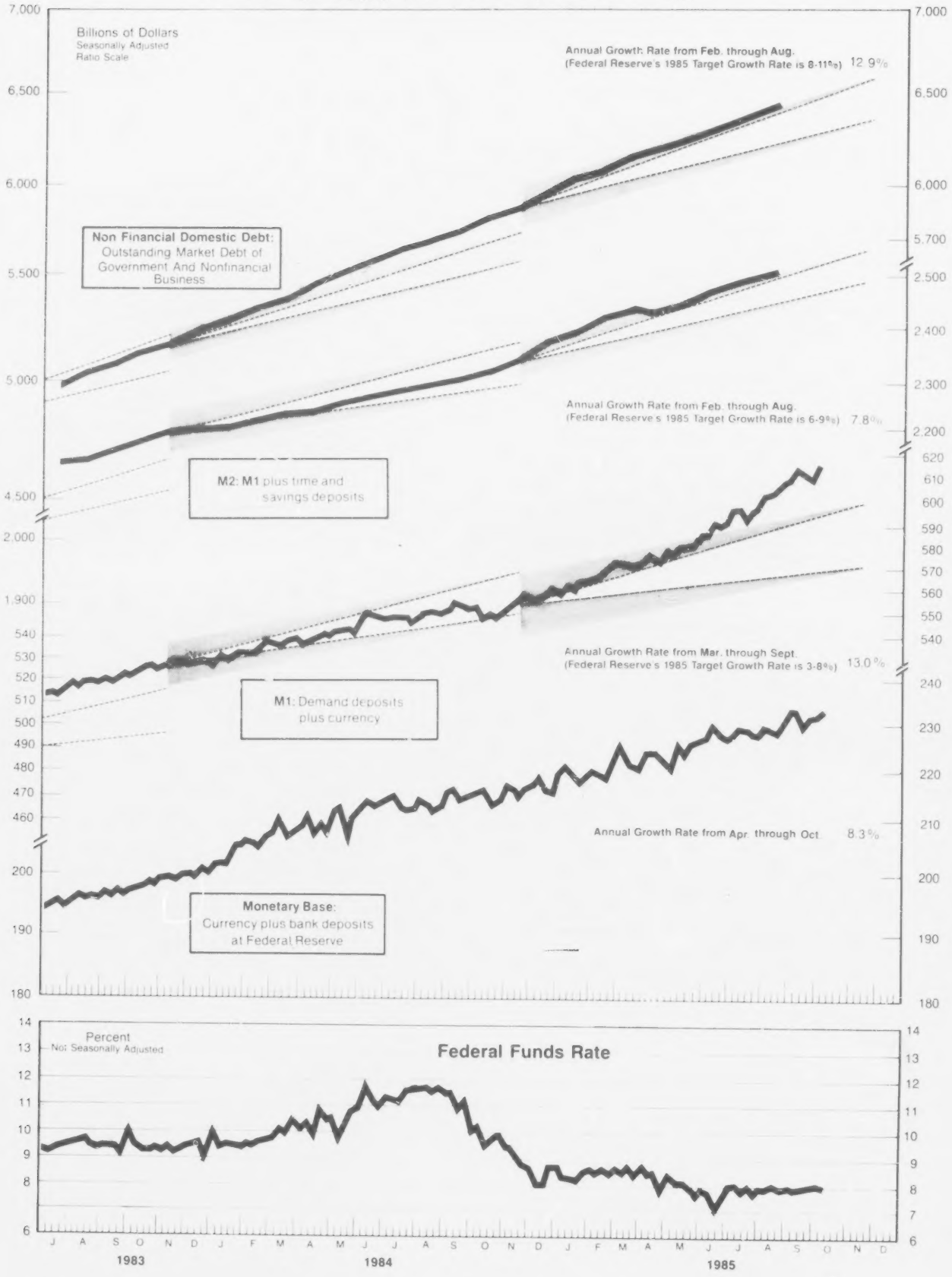
PERSPECTIVE ON THE FEDERAL BUDGET
(Billions of Current Dollars)

	Fiscal 1986		Fiscal 1987		Fiscal 1988	
	Administration's Latest Estimate	Congress's Latest Estimate	Administration's Latest Estimate	Congress's Latest Estimte	Administration's Latest Estimate	Congress's Latest Estimate
	(8/30/85)	(8/15/85)	(8/30/85)	(8/15/85)	(8/30/85)	(8/15/85)
Receipts	**$ 779.8**	**$ 790.0**	**$ 850.1**	**$ 858.0**	**$ 937.0**	**$ 939.0**
Outlays	**957.7**	**965.0**	**989.4**	**1,021.0**	**1,036.8**	**1,082.0**
Deficit	**-177.8**	**-175.0**	**-139.3**	**-163.0**	**- 99.8**	**-143.0**
Receipts by source	**779.8**	**790.0**	**850.1**	**858.0**	**937.0**	**939.0**
Individual income taxes	356.2	362.5	389.8	395.0	429.8	434.0
Social security	287.2	285.3	309.5	305.0	343.8	338.0
Corporate income taxes	68.0	72.5	81.2	87.0	94.4	96.0
Other receipts	68.4	69.7	69.6	71.0	69.0	71.0
Outlays by function	**957.7**	**965.0**	**989.4**	**1,021.0**	**1,036.8**	**1,082.0**
Social security and medicare	268.4	270.0	287.0	290.4	308.3	312.9
National defense	267.1	267.1	285.2	285.2	303.9	304.0
Income security	115.2	121.1	119.4	124.2	124.1	130.6
Health	34.6	34.9	35.7	37.8	37.1	40.7
Education and manpower	30.4	30.8	28.4	31.3	28.2	32.1
Transportation	26.1	25.8	25.6	27.7	24.7	28.1
Veterans' benefits	26.6	26.8	26.8	27.3	27.7	27.7
International affairs	21.3	18.9	19.1	17.3	18.0	16.4
Agriculture	16.4	16.2	10.6	16.2	9.5	13.7
Natural resources	12.4	13.0	11.6	12.8	11.5	13.0
General science	9.4	8.9	9.4	8.9	9.6	9.0
Justice	6.6	6.8	6.7	7.0	6.7	7.2
Community development	7.4	8.0	6.5	7.3	5.9	6.8
General government	5.0	5.5	5.0	5.2	5.1	5.5
Commerce, housing credit	2.8	3.7	- 1.0	3.4	- 1.6	5.2
Energy	3.8	5.6	3.1	5.2	1.8	4.5
Revenue sharing	2.9	6.5	1.7	3.2	1.8	2.1
Interest	138.1	137.0	147.0	149.0	151.8	165.0
Allowances	0.0	- 1.7	0.8	- 1.7	1.9	- 0.5
Offsetting receipts	-36.9	-39.9	-39.0	-37.1	-39.2	-41.9

ECONOMIC ASSUMPTIONS OF THE BUDGET

GNP						
Current Dollar	**$4,236.7**	**$4,217.0**	**$4,589.4**	**$4,548.0**	**$4,959.3**	**$4,905.0**
Constant (1972) Dollar	**1,754.6**	**1,743.0**	**1,824.8**	**1,802.0**	**1,897.6**	**1,865.0**
Percent change in						
Current dollar	8.5%	8.0%	8.3%	7.8%	8.1%	7.9%
Constant (1972) dollar	4.2	3.6	4.0	3.4	4.0	3.5
Implicit price deflator	4.1	4.2	4.2	4.3	3.9	4.2
Consumer price index	4.2	4.5	4.2	4.4	3.9	4.2
91-Day T bill rate	7.5	7.4	7.0	7.2	5.9	7.2
Unemployment rate	6.8	7.0	6.6	6.8	6.3	6.5

Money Supply and Monetary Growth Targets



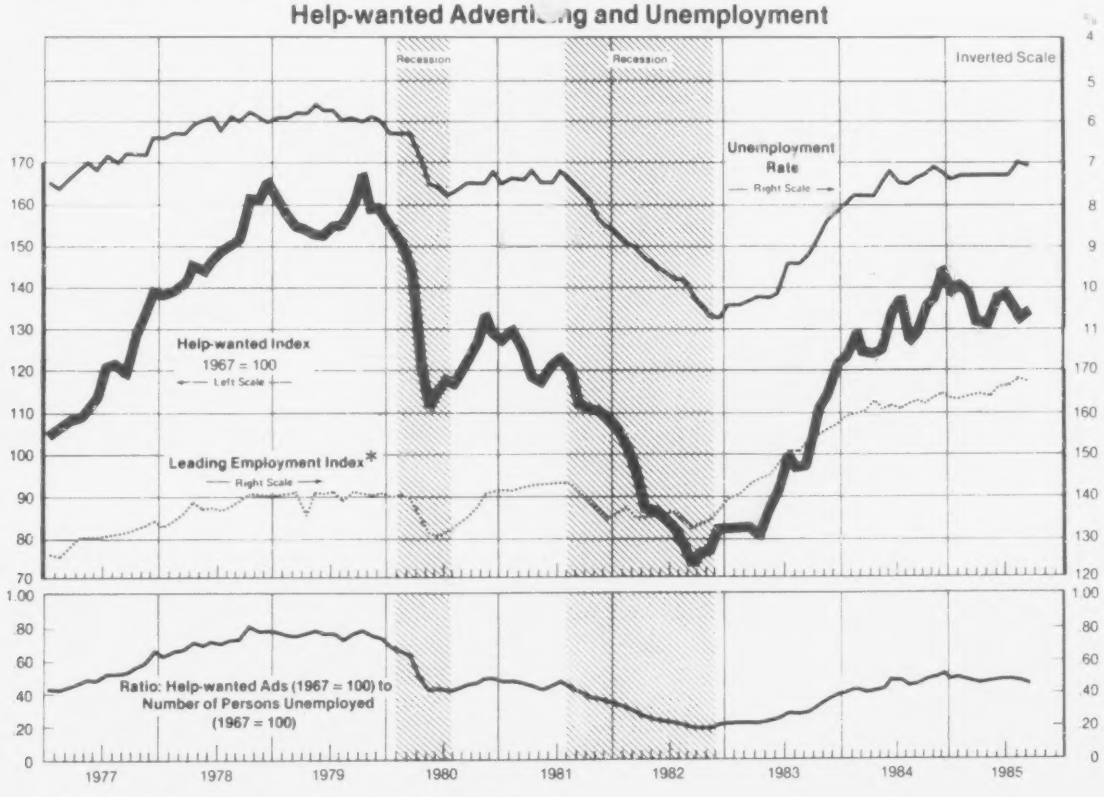
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEXES

Seasonally Adjusted Indexes, 1967 = 100

Locality	1985 Aug.	1985 July	1985 June	1984 Aug.
National Index	133	139	138	128
New England	143	159	153	146
Boston	153	167	166	155
Hartford	141	180	138	157
Providence	112	116	124	106
Middle Atlantic	68	71r	69	60
Albany	159	176	176	95
Allentown	198	213r	191r	150
New York	54	54	54	52
Philadelphia	59	64	61	53
Pittsburgh	67	75	72	55
Rochester	86	88	86	73
Syracuse	119	127	112	106
East North Central	86	90r	90	79
Chicago	98	101	99	102
Cincinnati	129	132r	147	85
Cleveland	57	63	61	55
Columbus	128	131	134	102
Dayton	75	81	91	63
Detroit	60	64	64	49
Gary	116	120	113	103
Indianapolis	84	89	90	78
Milwaukee	53	59	57	52
Toledo	107	112	112	85
West North Central	84	93	94	85
Kansas City	123	164	145	146
Minneapolis	68	71	75	66
Omaha	124	112	124	131
St. Louis	65	67	73	56
South Atlantic	165	165	172	148
Atlanta	262	285	303	254
Baltimore	153	126	127	111
Charlotte	131	140	143	134
Jacksonville	213	210	216	192
Miami	74	72	79	78
Richmond	119	122	105	92
Washington, D.C.	163	167	178	146
East South Central	138	154	149	120r
Birmingham	148	156	166	129
Knoxville	192	194	194	191
Louisville	84	95	98	72
Memphis	98	110	112	95r
Nashville	203	250	208	155
West South Central	228	247	253	266
Dallas	301	340	343	362
Houston	284	299	303	333
New Orleans	98	111	114	125
Oklahoma City	129	145	155	160
San Antonio	209	206	219	195
Tulsa	137	153	168	156
Mountain	307	330	326	291
Denver	198	223	207	203
Phoenix	438	461	484	377
Salt Lake City	332	353	334	340
Pacific	196	198	191	187
Los Angeles	144	144	140	145
Sacramento	359	383	350	304
San Bernadino	191	216	195	151
San Diego	422	431	431	380
San Francisco	207	203	193	200
Seattle	190	182	182	190
Percentage of papers with rising volume	14	39	90	16
Unemployment rate	7.0	7.3	7.3	7.5

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised N.A.—not available

Help-wanted Advertising and Unemployment



* Source: Center for International Business Cycle Research, Columbia University

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1969-1970 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
1983	58.0	65.8	77.1	80.3	84.0	84.9	84.7	84.6	84.8	85.7	90.2	95.1
1984	98.4	95.7	94.5	97.9	95.2	97.1	91.0	91.9	91.0	91.5	96.8	85.9
1985	95.4	95.8	87.8	93.1	87.2	91.5	92.1	89.8r	87.2p			

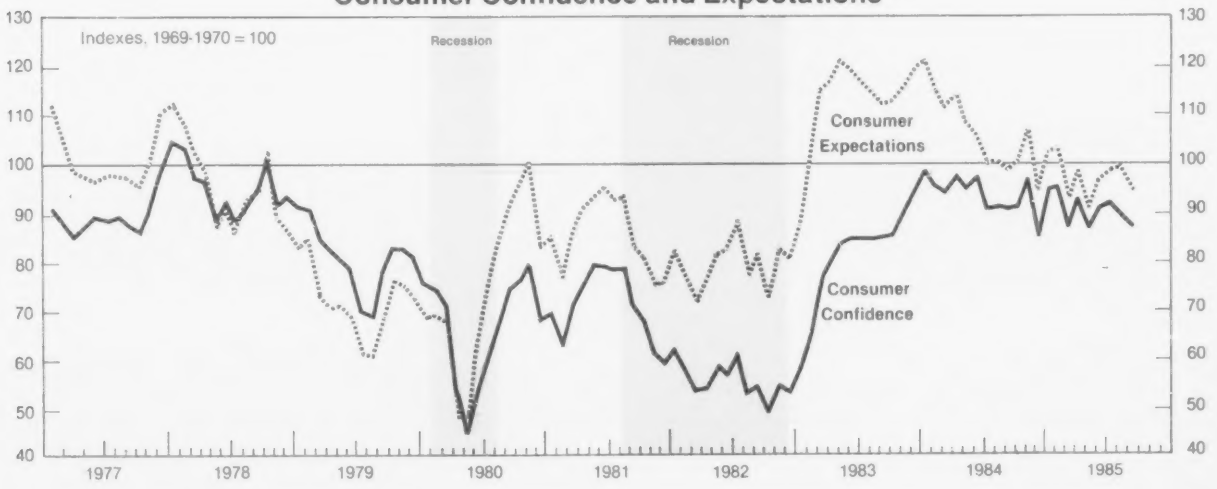
Buying Plans Index

1983	71.9	75.8	87.9	86.0	85.2	103.6	100.5	89.9	113.5	109.9	108.9	108.5
1984	101.4	108.0	103.9	99.4	105.1	121.6	94.5	100.6	93.3	98.5	102.7	96.2
1985	102.3	107.1	113.8	101.4	88.8	107.6	97.7	105.3r	115.4p			

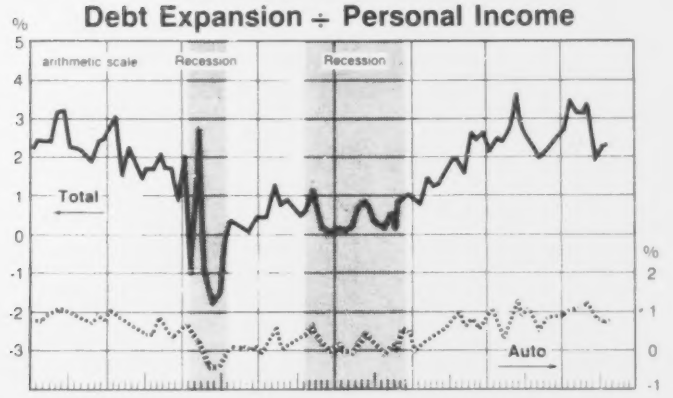
Confidence Index measures consumer optimism in appraising economic conditions. Buying plans Index is based on intentions to purchase cars, homes, appliances. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc. p—preliminary r—revised

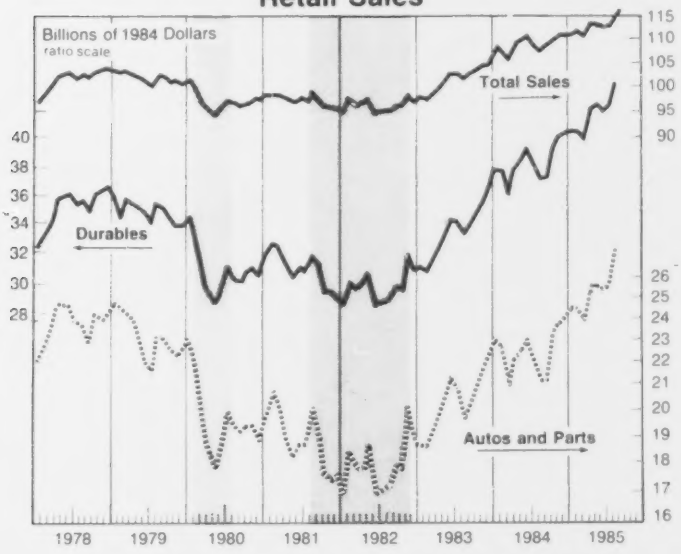
Consumer Confidence and Expectations



Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales



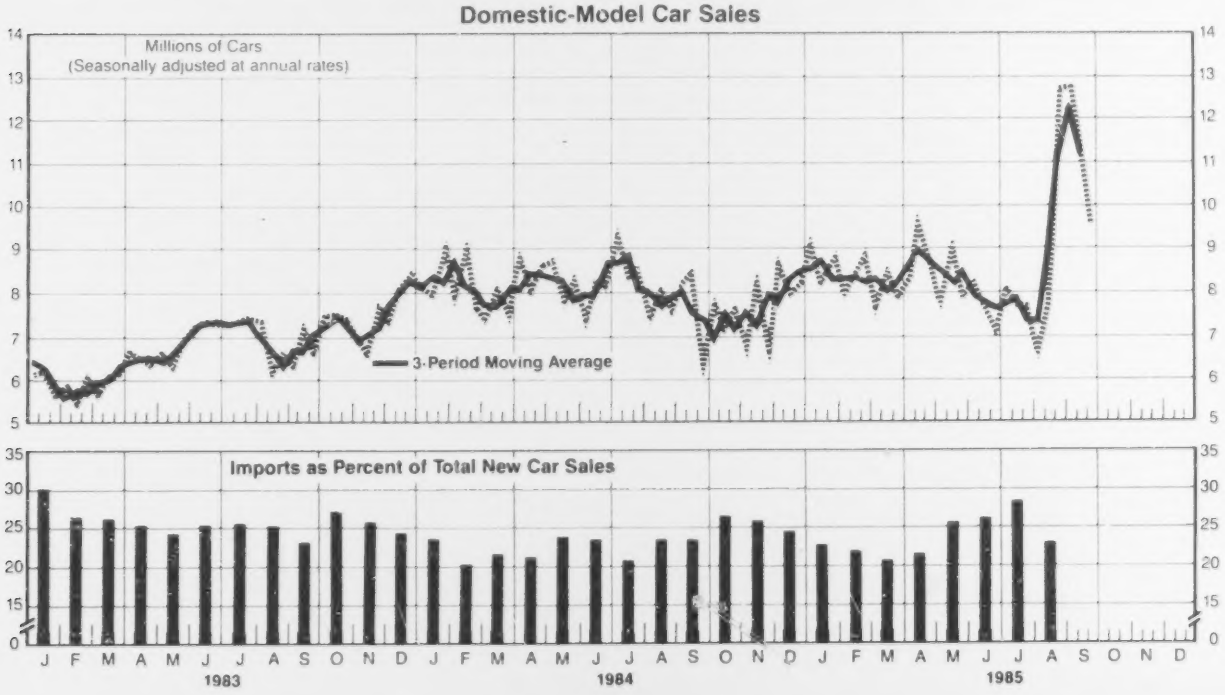
CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1982	1983	1984	1985
January:	1-10	5.53	6.17	8.16	9.14
	11-20	5.59	6.20	7.84	8.16
	21-31	5.14	5.60	9.15	8.78
February:	1-10	6.10	5.86	7.79	7.97
	11-20	6.03	5.30	9.17	8.28
	21-28(29)	6.06	6.07	7.60	8.81
March:	1-10	5.46	5.61	7.35	7.60
	11-20	5.68	6.10	8.13	8.55
	21-31	6.17	6.19	7.35	7.86
April:	1-10	5.06	6.69	8.88	8.30
	11-20	6.14	6.52	7.96	9.76
	21-30	5.62	6.35	8.60	8.73
May:	1-10	6.31	6.67	8.75	7.65
	11-20	6.53	6.30	7.74	9.13
	21-31	5.77	6.97	8.43	7.88
June:	1-10	6.00	7.23	7.22	8.35
	11-20	4.24	7.34	8.25	7.67
	21-30	4.56	7.28	8.10	7.10
July:	1-10	4.98	7.25	9.51	8.09
	11-20	5.56	7.36	8.32	7.71
	21-31	5.34	7.43	8.59	7.69
August:	1-10	5.27	7.39	7.33	6.59
	11-20	5.00	6.11	8.07	7.69
	21-31	5.72	6.65	7.43	12.69
September:	1-10	5.16	6.26	8.13	12.75
	11-20	6.75	7.21	8.52	11.27
	21-30	6.11	6.55	6.03	9.59
October:	1-10	5.22	7.52	7.83	
	11-20	5.36	7.56	7.07	
	21-31	5.91	7.45	7.70	
November:	1-10	6.56	6.96	6.60	
	11-20	6.98	6.55	8.44	
	21-30	6.48	7.62	6.57	
December:	1-10	6.03	7.30	8.75	
	11-20	6.45	8.09	7.96	
	21-31	6.64	8.48	8.19	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic-Model Car Sales


Millions of Cars
(Seasonally adjusted at annual rates)
3-Period Moving Average
Imports as Percent of Total New Car Sales
J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D
1983
1984
1985